

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 24, 1997**

**NEW ISSUES—BOOK-ENTRY-ONLY**

**Ratings: Moody's:  
S&P:  
Fitch:  
(See "Ratings" herein)**

*In the opinion of the Attorney General of the State of California and Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming (among other things) compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of the Attorney General and Co-Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although such counsel observe that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. The Attorney General and Co-Bond Counsel express no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.*

**\$1,000,000,000\***  
**STATE OF CALIFORNIA**  
**GENERAL OBLIGATION BONDS**

Dated: October 1, 1997

Due: as shown below

This offering consists of general obligation bonds (the "Bonds") authorized by the voters of the State of California (the "State").

Interest is payable on April 1 and October 1 of each year, commencing April 1, 1998. The Bonds will be registered in the name of a nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Individual purchases of beneficial interests in the Bonds may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. See "Appendix B—Book-Entry Only System."

Bonds maturing on and after October 1, 2010 are subject to optional redemption prior to their stated maturities. Certain Bonds may be subject to mandatory redemption prior to their stated maturities, in part, from sinking fund payments to the extent the successful bidder for the Bonds so designates. See "Appendix E—Notice of Sale."

The Bonds are general obligations of the State to which the full faith and credit of the State are pledged. Principal of, premium, if any, and interest on the Bonds are payable from any moneys in the General Fund of the State, subject only to the prior application of such moneys to the support of the public school systems and public institutions of higher education.

This cover page contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS**

<b>Maturity Date (October 1)</b>	<b>Principal Amount Maturing*</b>	<b>Interest Rate</b>	<b>Price or Yield</b>	<b>Maturity Date (October 1)</b>	<b>Principal Amount Maturing*</b>	<b>Interest Rate</b>	<b>Price or Yield</b>
1998	\$36,570,000			2013	\$31,715,000		
1999	36,570,000			2014	31,715,000		
2000	36,570,000			2015	31,715,000		
2001	36,570,000			2016	31,715,000		
2002	36,570,000			2017	31,715,000		
2003	36,570,000			2018	31,715,000		
2004	36,570,000			2019	31,715,000		
2005	35,570,000			2020	31,715,000		
2006	36,570,000			2021	31,715,000		
2007	36,570,000			2022	31,715,000		
2008	31,715,000			2023	31,715,000		
2009	31,715,000			2024	31,715,000		
2010	31,715,000			2025	31,715,000		
2011	31,715,000			2026	31,715,000		
2012	31,715,000			2027	31,715,000		

(plus accrued interest from October 1, 1997)

*The Bonds are offered when, as and if issued and received by the purchasers, subject to the approval of legality by the Honorable Daniel E. Lungren, Attorney General of the State of California, and by Orrick, Herrington & Sutcliffe LLP, Sacramento, California and the Law Offices of Joaquin A. Talleda, Pasadena, California, Co-Bond Counsel. Sheppard, Mullin, Richter & Hampton LLP, Los Angeles, California, acted as Disclosure Counsel for the State. Public Resources Advisory Group served as the Financial Advisor to the State in connection with the issuance of the Bonds. The Bonds will be available for delivery, through the facilities of DTC, on or about October , 1997.*

**HONORABLE MATT FONG**  
**Treasurer of the State of California**

**BIDS TO BE RECEIVED 9:00 A.M. OCTOBER 8, 1997**  
**SEE APPENDIX E—NOTICE OF SALE**

Dated: \_\_\_\_\_, 1997

\* Preliminary, subject to change. See Appendix E—Notice of Sale

**No dealer, broker, salesperson or other person has been authorized by the State to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the State.**

**This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.**

**The information set forth herein has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State since the date hereof.**

**IN CONNECTION WITH THIS OFFERING THE PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.**

Copies of this Official Statement may be obtained from:

**HONORABLE MATT FONG**  
Treasurer of the State of California  
P.O. Box 942809  
Sacramento, California 94209-0001  
(916) 653-3451

This Preliminary Official Statement is available as public information on the State Treasurer's Internet site at <http://www.treasurer.ca.gov>.

# TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION . . . . .	1	STATE FINANCES . . . . .	A-19
Description of the Bonds . . . . .	1	The Budget Process . . . . .	A-19
Security and Sources of Payment for the Bonds . . . . .	1	The General Fund . . . . .	A-19
Redemption . . . . .	2	The Special Fund for Economic	
Tax Matters . . . . .	2	Uncertainties . . . . .	A-20
Certain Information Related to this Official		Inter-Fund Borrowings . . . . .	A-20
Statement . . . . .	2	Investment of Funds . . . . .	A-22
Continuing Disclosure . . . . .	3	State Warrants . . . . .	A-23
Additional Information . . . . .	3	Local Governments . . . . .	A-23
AUTHORIZATION OF AND SECURITY FOR		State Appropriations Limit . . . . .	A-24
THE BONDS . . . . .	3	Proposition 98 . . . . .	A-26
Authorization . . . . .	3	Sources of Tax Revenue . . . . .	A-27
Security . . . . .	3	Personal Income Tax . . . . .	A-27
THE BONDS . . . . .	4	Sales Tax . . . . .	A-27
Identification and Authorization of the Bonds . . . . .	4	Bank and Corporation Tax . . . . .	A-28
Purposes of the Bonds . . . . .	5	Insurance Tax . . . . .	A-28
Redemption . . . . .	6	Other Taxes . . . . .	A-29
Semi-annual Debt Service Requirements . . . . .	8	Special Fund Revenues . . . . .	A-29
New York Stock Exchange Listing . . . . .	9	Recent Tax Receipts . . . . .	A-30
TAX MATTERS . . . . .	9	State Expenditures . . . . .	A-32
LEGAL OPINION . . . . .	11	PRIOR FISCAL YEARS' FINANCIAL	
LITIGATION . . . . .	11	RESULTS . . . . .	A-33
FINANCIAL STATEMENTS . . . . .	11	Fiscal Years Prior to 1995-96 . . . . .	A-33
FINANCIAL ADVISOR . . . . .	11	1995-96 and 1996-97 Fiscal Years . . . . .	A-34
RATINGS . . . . .	11	CURRENT STATE BUDGET . . . . .	A-35
ADDITIONAL INFORMATION . . . . .	12	1997-98 Fiscal Year . . . . .	A-39
		Summary of State Revenues and	
APPENDIX A--THE STATE OF		Expenditures . . . . .	A-39
CALIFORNIA . . . . .	A-1	Revenue and Expenditure Assumptions . . . . .	A-41
OVERVIEW OF STATE ECONOMY AND		LITIGATION . . . . .	A-42
GOVERNMENT . . . . .	A-1	EXHIBIT 1--AUDITED GENERAL PURPOSE	
Introduction . . . . .	A-1	FINANCIAL STATEMENTS OF THE	
Population and Labor Force . . . . .	A-1	STATE OF CALIFORNIA FOR THE	
Employment, Income and Retail Sales . . . . .	A-2	YEAR ENDED JUNE 30, 1996 . . . . .	FS-i
Organization of State Government . . . . .	A-4	EXHIBIT 2--STATE OF CALIFORNIA GENERAL	
Employee Relations . . . . .	A-5	FUND CASH BASIS REPORT FOR THE FISCAL	
Employees' Retirement Systems . . . . .	A-6	YEAR ENDED JUNE 30, 1997 . . . . .	FD-1
STATE INDEBTEDNESS . . . . .	A-8		
General . . . . .	A-8	APPENDIX B--Book-Entry System . . . . .	B-1
Capital Facilities Financing . . . . .	A-8	APPENDIX C--Summary of Continuing	
Cash Flow Borrowings . . . . .	A-9	Disclosure Certificate . . . . .	C-1
Authorized and Outstanding State Debt . . . . .	A-10	APPENDIX D--Proposed Form of	
		Legal Opinion . . . . .	D-1
		APPENDIX E--Notice of Sale . . . . .	E-1

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